

City Attorney's Impartial Analysis

Measure U, if approved by a majority of voters, will enact an ordinance taxing marijuana businesses at a rate of up to 10% of their gross receipts, for the privilege of conducting business within the City. This tax will be in addition to the current business tax imposed on businesses in San José. The marijuana business tax will tax gross receipts from the planting, cultivation, harvesting, transporting, manufacturing, compounding, converting, processing, preparing, storing, packaging, and wholesale and retail sales of marijuana and ancillary products in the City, whether or not carried on for profit.

This tax will not take effect until the City Council, by ordinance, sets the rate of the tax, which cannot exceed 10% of gross receipts. The City Council may, at any time, set a lower tax rate for all marijuana businesses or establish differing tax rates for different categories of marijuana businesses, subject to the maximum rate of 10% of gross receipts. The City Council may also increase the tax rate from time to time, provided the rate set does not exceed 10% of gross receipts.

This Measure does not legalize or otherwise permit marijuana businesses in San José.

The revenues from the tax imposed by Measure U will be subject to the annual audit performed by the City's independent auditor which is reported in the City's Comprehensive Annual Financial Report.

A "yes" vote is a vote to permit the City Council to impose, by ordinance, a new business tax on marijuana businesses at a rate of up to 10% of gross receipts in addition to the current business tax.

A "no" vote is a vote not to permit the City Council to impose, by ordinance, a new business tax on marijuana businesses at a rate of up to 10% of gross receipts.

/s/

Richard Doyle, City Attorney
City of San José

The above statement is an impartial analysis of Measure U. If you would like to read the full text of the measure, see www.sanjoseca.gov/clerk/elections/Election.asp or call 408-535-1260 and a copy will be sent at no cost to you.